

19____ Employer Ridesharing Credits

3518

Attach to your California tax return.

Name(s) as shown on return

Social security number or California corporation number

Federal employer identification number (FEIN)

Note: If you are claiming the ridesharing credit carryover from years prior to 1989 **do not** complete this form. See General Instruction A.

Part I

Section A — Large Employer Program (200 employees or more)

| | Purchased | | Leased or Chartered | |
|---|------------|----------|---------------------|----------|
| | (a) Number | (b) Cost | (c) Number | (d) Cost |
| 1 Shuttle buses | | | | |
| 2 Commuter buses or vans | | | | |
| 3 Motor-pool vehicles | | | | |
| 4 Totals. Add line 1 through line 3 for each column . . | | | | |
| 5 Multiply line 4, column (b), by 20% (.20) | | | | 5 |
| 6 For individuals, fiduciaries and partnerships multiply line 4, column (d), by 20% (.20). For corporations, multiply line 4, column (d), by 15% (.15). Limited liability companies see instructions | | | | 6 |
| 7 Flow-through credit from pass-through entities. See instructions | | | | 7 |
| 8 Credit carryover from prior year (taxable or income years beginning 1/1/89 and after) | | | | 8 |
| 9 Total available credit. Add line 5 through line 8 | | | | 9 |

Caution: Your credit may be limited. See the instructions for line 9.

Section B — Computation of Carryover Do not complete if you must file Schedule P (100, 540, 540NR or 541).

| | |
|---|----|
| 10 Enter the amount of credit claimed on current year tax return. See the instructions for line 9 | 10 |
| 11 Credit carryover to future years. Subtract line 10 from line 9 | 11 |

Part II

Section A — Small Employer Program (less than 200 employees)

| | Purchased | | Leased or Chartered | |
|--|------------|----------|---------------------|----------|
| | (a) Number | (b) Cost | (c) Number | (d) Cost |
| 12 Shuttle buses | | | | |
| 13 Commuter buses or vans | | | | |
| 14 Motor-pool vehicles | | | | |
| 15 Totals. Add line 12 through line 14 for each column | | | | |
| 16 Total costs. Add line 15, column (b), and line 15, column (d) | | | | 16 |
| 17 Multiply line 16 by 30% (.30) | | | | 17 |
| 18 Flow-through credit from pass-through entities. See instructions | | | | 18 |
| 19 Credit carryover from prior year (taxable or income years beginning 1/1/89 and after) | | | | 19 |
| 20 Total available credit. Add line 17 through line 19 | | | | 20 |

Caution: Your credit may be limited. See the instructions for line 20.

Section B — Computation of Carryover Do not complete if you must file Schedule P (100, 540, 540NR or 541).

| | |
|--|----|
| 21 Enter the amount of credit claimed on current year tax return. See instructions for line 20 | 21 |
| 22 Credit carryover to future years. Subtract line 21 from line 20 | 22 |

Part III**Section A — Subsidized Public Transit Passes**

- 23** Cost of public transit passes for employees. **23** _____
- 24** If the employer provides:
- no free or subsidized parking, multiply line 23 by 40% (.40)
 - subsidized parking, multiply line 23 by 20% (.20)
 - free parking, multiply line 23 by 10% (.10)
- 24** _____
- 25** Flow-through credit from pass-through entities. See instructions **25** _____
- 26** Credit carryover from prior year (taxable or income years beginning 1/1/89 and after) **26** _____
- 27** Total available credit. Add line 24 through line 26 **27** _____
- Caution:** Your credit may be limited. See the instructions for line 27.

Section B — Computation of Carryover Do not complete if you must file Schedule P (100, 540, 540NR or 541).

- 28** Enter the amount of credit on current year tax return. See the instructions for line 27 **28** _____
- 29** Credit carryover to future years. Subtract line 28 from line 27 **29** _____

Part IV Credit Recapture

| (a) Total credit claimed for all years for vehicle(s) no longer in use. | (b) Proration Percentage For purchased vehicle(s): (36 months less number of months operated) ÷ 36 For leased vehicle(s): (life of the lease less number of months operated) ÷ (life of lease) | (c) Recapture Amount (column (a) x column (b)) |
|---|--|---|
| 30 | | |

Include the amount on line 30, column (c), in the total on: Form 540, line 36; Form 540NR, line 45; Form 541, line 31; Form 100, Side 2, Schedule J; Form 100S, Side 2, Schedule J; or Form 109, Side 4, Schedule K; write "FTB 3518" and the amount recaptured in the space to the left of the line.

General Instructions

References in these instructions are to the California Revenue and Taxation Code (R&TC).

A Purposes of Form

Use form FTB 3518 to claim a ridesharing credit if you are an employer and during the income or taxable year you:

- purchased, leased or chartered shuttle buses, commuter buses or vans, or motor-pool vehicles that you provide as part of an employer-sponsored ridesharing incentive program for your employees.
 - If you employed 200 employees or more, complete Part I.
 - If you employed less than 200 employees, complete Part II; or
- paid or incurred expense for providing subsidized public transit passes to your employees, complete Part III, Section A.

Use Part IV to figure the recapture of credit on a vehicle that is disposed of or no longer used in a ridesharing incentive program. The credit must be recaptured when a vehicle is disposed of or no longer used within three years of purchase or prior to the expiration of the vehicle lease.

Note: Do not use this form to claim any unused carryover from a ridesharing credit claimed in years prior to 1989 under the **former** R&TC Sections 17053, 17053.1 and 23605. Instead, use form FTB 3540, Credit Carryover Summary or Schedule P, Alternative Minimum Tax and Credit Limitations.

B Definitions

Employer-sponsored ridesharing incentive program

A program undertaken by an employer either alone or in cooperation with other employers to encourage or provide fiscal or other incentives to employees to make the home-to-work commute trip by other than a single-occupant motor vehicle. The program must be conducted principally in California.

Employer

An individual, fiduciary, partnership, limited liability company or corporation for whom services are performed by employees.

For purposes of this credit, government agencies are not considered employers.

Large employer

An employer with 200 or more employees.

Small employer

An employer with fewer than 200 employees.

Employee

An individual who performs service for an employer for more than ten hours a week for pay, and who vanpools to and from work at least 3 days a week or 15 days per month for at least 6 months of the year.

Company Shuttle bus

A highway vehicle that:

- has a seating capacity for at least seven adults, including the driver;
- at least 80 percent of the mileage of which can reasonably be expected to be for any of the following purposes:
 - transporting employees on a scheduled-route basis;
 - interfacing with public transportation facilities; or
 - transporting employees on a demand-response basis.
- is made available to all employees on a non-discriminatory basis in the normal course of the employer's business; and
- is acquired during the taxable or income year.

Company Commuter bus or van

A highway vehicle that:

- has a seating capacity for at least seven adults, including the driver;
- at least 50 percent of the mileage of which can reasonably be expected to be used for transporting employees to and from work;
- is made available to all employees on a non-discriminatory basis in the normal course of the employer's business; and
- is acquired during the taxable or income year.

Motor-pool vehicle

A highway vehicle that:

- is an automobile with a gross vehicle weight of 6,000 pounds or less;
- meets or exceeds certain fuel efficiency standards set by the Federal Environmental Protection Agency as required by Title II of Public Law 95-618;
- at least 50 percent of the mileage of which can reasonably be expected to be used for providing transportation to employees;
- is made available to all employees on a non-discriminatory basis in the normal course of the employer's business; and
- is acquired during the taxable or income year.

Pass-through entities:

partnerships, S corporations, limited liability companies, estates or trusts.

Subsidized Parking

Employee parking that is:

- located at the worksite of the employee receiving the transit pass;
- not charged at its fair market value; and
- certified by the employer to be subsidized parking.

Note: Fair market value is represented by the prevailing price charged for similar parking within a half-mile radius of the worksite, as certified by the employer.

C Part I and Part II Qualifications

The large employer program credit (Part I) and the small employer program credit (Part II) are based on the cost incurred by an employer for the purchase, lease or charter of company shuttle buses, company commuter buses or vans, or commuter motor-pool vehicles that are provided as part of an employer-sponsored ridesharing incentive program.

Note: The costs of purchasing, leasing or chartering vehicles that would otherwise be required as part of the employer's business activities in the absence of an employer-sponsored ridesharing incentive program do not qualify for these credits.

Depreciation is allowed on all purchased vehicles. However, the basis of these vehicles must be reduced by the amount of the credit. Depreciation on leased or chartered vehicles is subject to the lease or charter agreement as to whether the lessee may claim the depreciation.

The employer must:

- keep a log of the vehicle's use (i.e., dates and times each vehicle was driven, the mileage for each trip, purpose of the trip, etc.) so that it can be determined that the vehicle meets the requirements specified in General Instruction B;
- retain vehicle documents (including vehicle owner's manual and registration) verifying the vehicle's weight requirements, if any, and fuel efficiency standards as specified in General Instruction B; and
- provide this information, upon request, to the Franchise Tax Board.

D Part IV Credit Recapture

Use Part IV to figure the amount of any credit recapture that must be added back to the employer's tax liability in the taxable or income year of disposition or nonuse of a ridesharing vehicle.

If a purchased ridesharing vehicle is disposed of or is no longer used as part of an employer-sponsored ridesharing incentive program within three years of its acquisition, a portion of the credit must be repaid to California. The portion of the credit that must be repaid is that portion of the credit claimed for the purchase cost of that vehicle that represents the pro rata share of the remaining three-year period.

The basis of the vehicle must also be increased by the amount recaptured.

If a leased or chartered ridesharing vehicle is disposed of or is no longer used as part of an employer-sponsored ridesharing incentive program prior to the expiration of the lease or contract, a portion of the credit must be repaid to California. The portion of the credit that must be repaid is that portion of the credit claimed for the cost of leasing or chartering that vehicle that rep-

resents the pro rata share of the remaining life of the lease or contract.

E Limitations

This credit is taken in lieu of any deduction to which you may be entitled for related costs.

The basis of the ride sharing vehicle must be reduced by the amount of the credit.

The credits can not reduce the minimum franchise tax (corporations, S corporations, limited liability companies and limited partnerships), the alternative minimum tax (corporations, fiduciaries and individuals), the built-in gains tax (S corporations) or the excess net passive income tax (S corporations).

Note: S corporations may claim only one-third of the credit against tax. S corporations may pass through to shareholders 100 percent of this credit according to their pro-rata share.

F Miscellaneous

With the exception of a husband and wife, if two or more taxpayers share in the expenses eligible for any of these credits, each taxpayer may claim the credit in proportion to the respective share of the expenses paid or incurred. In the case of a partnership or limited liability company the credit may be divided among the partners or members according to the written partnership or limited liability company agreement. In the case of a husband or wife who file a separate return, the credit may be taken by either spouse or divided equally between them.

If the available credit for the current year exceeds the tax, you may carry over any unused credit to succeeding years.

Part II Small Employer Program

Section A

Line 20 – The amount of this credit you may claim on your tax return may be limited. Refer to General Instruction E and the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return.

You must use credit code number **192** to claim this credit.

Section B Do not complete this section if you must file Schedule P (100, 540, 540NR or 541).

Part III Subsidized Public Transit Passes

Section A

Line 27 – The amount of this credit you may claim on your tax return may be limited. Refer to General Instruction E and the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return.

You must use credit code number **193** to claim this credit.

Section B Do not complete this section if you must file Schedule P (100, 540, 540NR, or 541).

Specific Line Instructions

Part I Large Employer Program

Section A

Line 6 – Limited liability companies classified as partnerships use 20% (.20). All other limited liability companies use 15% (.15).

Line 9 – The amount of this credit you may claim on your tax return may be limited. Refer to the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return.

You must use credit code number **191** to claim this credit.

Section B Do not complete this section if you must file Schedule P (100, 540, 540NR or 541).